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TAGS: ECON,GW, WB

SUBJ: PRESIDENT OF BUDESVERBAND DER DEUTCHENINDUSTRIE

SPEAKS AT OPENING OF GERMAN INDUSTRIES FAIR

REF: USBERLIN 1972

SUMMARY: DR. HANS-GUENTHER SOHL IN HIS LAST SPEECH AS BDI PRESIDENT BEFORE A GERMAN INDUSTRIES EXHIBITION URGED TAX JUSTICE FOR GERMAN INDUSTRY TO REVERSE ITS DECLINING PROFITBABILITY, DEMANED FRG GOVERNMENT FACE UP TO THE CHALLENGE POSED BY THE DEVELOPING WORLD AND PLEDGED FURTHER BDI SUPPORT FOR THE BERLIN ECONOMY. END SUMMARY.

1. LIKE FEDERAL ECONOMICS MINISTER FRIEDERICH, (USBER 1972)

SOHL DEPARTED FROM HIS TEXT ON OCCASION TO STRESS RELEVANCE OF HIS REMARKS TO BERLIN, BUT IT WAS CLEAR TO AUDIENCE THAT SUBJECT WAS BDI VIEW OF NATIONAL ISSUES IMPORTANT TO GERMAN INDUSTRY. ON THESE LARGER THEMES SOHL DWELLED ON WHAT THE BUEINSSS COMMUNITY HAD A RIGHT TO EXPECT FROM PUBLIC POLICY. HE TARGETED REDUCTION OF PRESENT UNEMPLOYMENT LEVEL WITH ITS HIGH SOCIAL AND ECONOMIC COSTS AS THE MAJOR GOAL OF BOTH INDUSTRY AND GOVERNEMENT. HE WARNED,
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HOWEVER, THAT ALTHOUGH PRIVATE SECTOR COULD DECISIVELY

INFLUENCE ECONOMIC DEVELOPMENTS, PRIVATE SECTOR IN TURN MUST WORK WITHIN THE PARAMETERS SET BY THE NATIONAL AND INTERNATIONAL POLITICAL-ECONOMIC ENVIRONMENTS. GROWTH AND STABILITY WERE NOT ALTERNATIVES BUT MUTUALLY SUPPORTIVE CONDITIONS. FRG GOVERNMENT BY ITSELF WAS INCAPABLE OF PROVIDING THE VOLUME OF INVESTMENT REQUIRED TO SIGNIFICANTLY REDUCE UNEMPLOYMENT. ONLY PRIVATE INDUSTRY COULD DO THIS, AND THE FACTOR WHICH WOULD MOVE THE PRIVATE SECTOR WOULD BE PROFIT EXPECTATIONS. IN LAST SIX YEARS FRG WAGES HAD INCREASED 60PERCENT WHILE PRICE INCREASES WERE AMONG THE LOWEST IN THE WORLD.

2. SOHL ASSERTED ABOVE FACTORS COMBINED WITH AN EVER INCREASING PUBLIC SECTOR DEMAND ON GNP WERE RESPONSIBLE FOR THE STEADILY DECREASING PROFITABILITY OF GERMAN AND BERLIN INDUSTRY. THIS DETERIORATION WAS GRAPHICALLY DEMONSTRATED BY FACT THAT ENTIRE AFTER TAX PROFIT OF GERMAN INDUSTRY IN 1975 ONLY MATCHED THE BUNDESBahn DEFICIT FOR THAT YEAR. THE PRESENT 1.3PERCENT PROFIT ON TURNOVER COMPARED TO UNITED STATES RATE OF 4.4PERCENT - A GAP WHICH MIGHT EXPLAIN WHY THE ECONOMIC UPSWING WAS MUCH STRONGER IN THE UNITED STATES THAN IN GERMANY. TAX JUSTICE FOR INDUSTRY WAS AN URGENT REQUIREMENT IF THE INVESTMENTS REQUIRED TO REDUCE UNEMPLOYMENT WERE TO BE FORTHCOMING.

3. MOVING TO THE CHALLENGE POSED BY DEVELOPING COUNTRIES, SOHL WARNED THE FREE MARKET SYSTEM WAS ALSO THREATENED FROM THIS DIRECTION. STATIST SOLUTIONS TO ECONOMIC PROBLEMS HAD MANY SUPPORTERS IN THE DEVELOPING COUNTRIES, AND THESE COUNTRIES NOW CONTROLLED THE U.S. COMMITTEE SYSTEM. SOHL HOPED THAT FOLLOWING THE ELECTIONS IN THE UNITED STATES AND GERMANY, THE INDUSTRIAL NATIONS WOULD FORM THEIR OWN "INDUSTRIAL NATIONAL CHARTER," A COMMON RESPONSE TO DEVELOPING COUNTRY DEMANDS. ALL DEMOGRAPHIC PROJECTIONS POINTED TO THE URGENCY AND INEVITABILITY OF COPING WITH DEVELOPING COUNTRY PROBLEMS. SOHL ADDED ANY CONSTRUCTIVE SOLUTION WOULD REQUIRE CON-

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SIDERABLE MORE OUTLAY OF FUNDS THAN HAD SO FAR BEEN THE CASE, AND THE INDUSTRIAL COUNTRIES SHOULD FACE THIS SQUARELY. THE FRG HAD BEEN SLOW TO AWAKE TO THIS PROBLEM AND SHOULD TAKE A MORE ACTIVE ROLE IN DEALING WITH IT.

4. SOHL CLOSED BY LAUDING THE POSITIVE ROLE OF EAST-WEST TRADE, WHICH WAS OF CONSIDERABLE BENE-

FIT TO THE BERLIN ECONOMY. HE STRONGLY ENDORSED
THE BERLIN BEAUFTRAGTE PROGRAM, AND PLEDGED CONTIN-
UED BDI SUPPORT. HOWEVER, HE OBSERVED A NEW GENER-
ATION OF MANAGERS MUST LEARN TO HAVE THE SAME CONCERN
FOR BERLIN AS HAD HIS OWN GENERATION.

5. SOHL'S SPEECH, RESTRAINED IN LANGUAGE BUT HARD
HITTING, WAS WELL RECEIVED BY A SYMPATHETIC AUDIENCE.
FRG ECONOMICS MINISTER FRIEDERICH'S AND BERLIN'S FDP
LEADER MAYOR LUEDER WERE AMONG THE RAPT LISTENERS.
ALTHOUGH THEY MAY NOT HAVE LIKED EVERYTHING THEY
HEARD, THEY WARMLY CONGRATULATED SOHL ON THE
CONCLUSION OF HIS SPEECH.
GEORGE

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